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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000926

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SUBJECT: PRESIDENT MA, CHAIRMAN MA: THE EFFECT OF MA'S  
CHAIRMANSHIP ON THE KMT

REF: TAIPEI 0904

Classified By: AIT Acting Director Robert S. Wang,  
for Reasons 1.4(B) and (D).

11. (C) Summary. As expected, President Ma Ying-jeou was elected Chairman of the ruling Kuomintang (KMT) party in a July 26 election in which Ma was the lone candidate (reftel). Ma's decision to assume the Chairmanship reflects his pragmatic assessment of the need to exercise greater control over the often fractious party. While campaigning for President, Ma emphasized his determination to keep out of party politics if elected, saying he wanted to be President of all of the people of Taiwan, not just the KMT. Ma's change of heart, Presidential Office Secretary-General Chan Chun-po told the Acting Director, was prompted by a desire to increase party discipline and the hope that Ma's clean public image will help reform the party and win votes in upcoming elections. At the same time, KMT Secretary General Wu Den-yih cautioned that Ma should avoid using his position to coerce the Legislative Yuan's (LY) 80 strong-willed KMT legislators. Wu dismissed worries from within the party that Ma could impose unwelcome reforms, arguing the KMT has already reduced party assets significantly in recent years. Wu expects to stay on as Secretary General to manage the year-end elections and the five key municipal-level elections in 2010. End summary.

Why Run for Chair?

12. (C) Ma's position as KMT Chair will allow him to impose party discipline on the LY, something Ma did not feel he could do as President, Presidential Office Secretary-General Chan Chun-po told ADIR in a July 30 meeting. According to Chan, due to Ma's legal training and his strict interpretation of the Constitution, Ma believes any attempt to influence KMT legislators would violate the Constitutional prohibition on interference by any of the five branches of government with the independence of another. Chan, who acts as the president's liaison to the LY and the KMT, noted that Ma's early idealism, which resulted in various appointments based on experience and ability rather than party affiliation, angered many KMT stalwarts, who felt Ma's personnel decisions failed to reward those who supported his presidential bid.

13. (C) Ma was thus frustrated, said Chan, with the

KMT-dominated LY, which not only rejected several of his appointments, but also blocked his administration's attempts to pass new legislation and implement new policy directives. These KMT legislators, said Chan, focusing on personal concerns and independent local issues rather than a national agenda, compromised the administration's ability to implement its legislative priorities. This, in turn, has affected public perception of the administration's performance. As a result, Chan explained, Ma believed that assuming the KMT chairmanship was the only legal tool he could use to influence the legislative process, thus allowing for smoother passage of his programs and initiatives and to fulfill other campaign promises. (Note: Ironically, the opposition is now quick to point out that Ma has reneged on his campaign promise not to seek the KMT chairmanship. End note.)

14. (C) In a separate meeting July 29, KMT Secretary-General Wu Den-yih agreed that holding the chairmanship allows Ma to directly influence KMT legislators. But Ma must be careful not to attempt using his new position to strong-arm one of the most powerful legislatures in the world, Wu warned. The KMT's current 80 legislators think they are "gods," and Ma must use a persuasive approach with both legislators and local KMT officials if he hopes to maintain party unity and support for his agenda, he said.

#### Ma and the Reform Agenda

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15. (C) Some in the party, like KMT Deputy Secretary-General Chang Jung-kung, worried that Ma could push a "reform agenda"

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as Chair, either limiting the party's campaign activities in the south or pushing for the sell-off of assets. If Ma forced the KMT to immediately divest itself of its remaining asset, the Central Investment Holding Company (CIC), the party could lose 70-80 percent of operating funds it also used for campaigns, Chang commented. SYG Wu dismissed the possibility, however, noting that there was no financial motive to sell CIC in the current economic environment. As KMT Chair, Ma must consider the party's future, said Wu. There is no need for a reform agenda, he added, because the party has already divested much of its previous assets over the years in undertaking recent reforms. Presidential Office SYG Chan said Ma's public image as a champion of clean politics will, in fact, help the KMT transform itself from the old image of a corrupt political machine to a party of reform and vision.

#### Managing the Elections and Expectations

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16. (C) Wu was confident that Ma would ask him to continue as KMT Secretary-General, and, despite a claim he could easily run for legislative office, Wu expected to stay on to manage the year-end elections and the five municipal-level elections in 2010. Although the KMT expects to win the year-end elections in the North and perhaps even had chances in Yunlin and Chiayi, should the opposition Democratic Progressive Party (DPP) take any of the northern seats, said Wu, it could affect expectations for the larger elections in 2010. Even in the south, a DPP stronghold, the KMT is not being complacent, he added. The party may have to bring in big power players, especially in New Taipei City. Chan also noted that Ma will need to continue to communicate with various factions inside the party, who may have an impact on year-end elections, but did not foresee any split within the party as the KMT continues to enjoy electoral success.

#### Comment

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17. (C) Although some in the party are unsure of how active Ma will be as KMT Chairman, Ma appears to be taking steps to consolidate his support in the KMT and to ensure that

legislators, made unruly by the overwhelming KMT legislative majority, continue to support his agenda. While his ability to improve party discipline remains an important issue, it was clear Ma was not able to do so without the chairmanship.

WANG